



COUNTY OF SAN LUIS OBISPO

Board Approved Policy

Contracting for Services

Effective Date: November, 1981
Revision Date: ~~December 16~~ May 24, 2014 2016
Prepared by: ~~General~~ Central Services Department and Administrative Office
Next Review Date: August, ~~2016~~ 2018
Approved by: Board of Supervisors

1. PURPOSE

The County strives to obtain excellent value from each contract. All contracts shall have measurable outputs and/or outcomes that all departments use to document the goods and services received in order to assure that the County's needs are met.

2. SCOPE

This document specifies the responsibilities, roles, and procedures associated with establishing both service and construction contracts as defined below. All previous Contracting for Services policies are hereby superseded.

3. AUTHORITY

The legal basis for this policy is Government Code Sections 25500-25509 and 31000, Public Contract Code Sections 20120 – 20145, 20390-20398, 22000 – 22300, County Code Sections 2.11.010-2.11.030 2.36.010-2.36.120, 2.37.010-2.37.080, and other provisions in law as applicable, and as amended, and this policy as approved by the Board of Supervisors.

4. POLICY

It is the policy of the County of San Luis Obispo that all services purchased from outside contractors includes a clear scope of work. Prior to payment for any services, the services must be completed in accordance with that scope of work to the satisfaction of the contracting department.

A thorough program analysis shall be conducted to ascertain that entering into the service contract will result in increased services and accountability at the best cost possible. The contracting department shall be prepared to demonstrate that program analysis, along with any analysis of alternatives upon request.

4.1 Service Contracts

4.1.1 All Request for Proposals (RFP's) shall be requisitioned through Purchasing with the following exception:

4.1.1.1 The Planning Director/Environmental Coordinator may conduct Request for Proposals (RFP) for environmental related services, such as documents required by the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), without requisitioning through the Purchasing Department when funded with non-governmental funds (e.g. private applicants). For government funded environmental related services, the Planning Director/Environmental Coordinator shall requisition through the Purchasing Department.

4.1.2 For services contracts costing \$25,000 or less, price solicitation is at the option of the department. The award is made by the Purchasing Agent based upon the recommendation of the requesting department.

4.1.3 For services costing over \$25,000, written requests for proposals and written responses are required. Additionally, a selection committee, made up of at least three people, shall evaluate the responses and make a recommendation to the requesting department. The Purchasing Agent will make the award for services to \$50,000 based upon the recommendation of the selection committee and the requesting department. The Board of Supervisors will award contracts above \$50,000. The requesting department will be responsible for taking the contract to the Board for approval and for making a recommendation to the Board.

4.1.4 Performance of services under a proposed contract will not begin until the appropriate approvals have been obtained and documented.

4.1.4.1 Provision is made for emergencies in section 5.2 below

4.1.5 Local professionals who maintain fully staffed offices in the County shall be given preference if quality, service and all other relevant factors are equal.

4.1.6 A Service Contract Change Order or aggregate of multiple Change Orders within the original scope of work for any services contract shall be limited to those shown in the chart below. Change orders can be approved by the department head responsible for the contract. The Change Order is intended to address unforeseen or unexpected expenses and is not intended for changes in scope of work. Changes to the contract not subject to a change order must be done by a written amendment.

SERVICES CONTRACTS			
Dollar Amount of Intended Contract	Competitive Selection Process	Method of Award	Change Order Limits
\$0 - \$25,000	RFP Not Required	Award by Purchasing Agent	To a maximum of \$5,000
\$25,001 - \$50,000	RFP Required	Award by Purchasing Agent	To a maximum of \$5,000
\$50,001 and above	RFP Required	Award by BOS	\$25,000 or 25%, whichever is greater

4.1.7 Performance Measures

All Service Contracts over \$25,000, whether approved by Purchasing Agent or Board of Supervisors, except for contracts for work on capital or construction projects, are required to include outputs and/or outcomes to insure that the level of service being delivered is consistent with the contract requirements.

Construction Contracts are exempt as they already have a ~~well-defined~~well-defined process for ensuring intended results are met and must follow certain requirements as set forth in the Public Contract Code.

For service contracts or service purchase orders, a scope of work/work plan that will demonstrate the difference the proposed service makes, or is intended to make, shall be made part of the service contract and include the following:

- 4.1.7.1.1 The outputs and/or outcomes of the service contract
- 4.1.7.1.2 Timeframe for achieving those outputs and/or outcomes (e.g. single year or multi-year contract),
- 4.1.7.1.3 What results is the work performed or the services received intended to achieve.
- 4.1.7.1.4 How will the outputs and/or outcomes be measured or verified in determining whether those results have been achieved.

~~4.1.7.2~~

~~4.1.7.32~~ All service providers with purchase orders or contracts over \$25,000, whether approved by Purchasing Agent or Board of Supervisors, are required to provide at a minimum, a mid-term contract report or update to the contracting department in a format specified by the contracting department. The mid-term report will include an update on intended results to the contracting department.

~~4.1.7.43~~ Departments will review and consider the progress of achieving intended results prior to making payments for work performed or services provided.

- 4.1.7.54 For purchase orders and contracts that are being renewed, *a report to the contracting department on year to date and/or prior year performance results* is required to be included as of the renewal contract, whether it is signed by the Purchasing Agent or the Board of Supervisors. The department is responsible for validating that the agreed upon outputs and/or outcomes have been met.

4.1.8 Risk Assessment

All Service Contracts over \$25,000, whether approved by Purchasing Agent or Board of Supervisors, shall include in the solicitation a risk assessment of financial and legal issues. The form of risk assessment, and any subsequent changes to the form that are deemed necessary, will be determined by the Purchasing Agent. Determination whether to award or recommend award of the contract based on the results of the risk assessment will be made by the Purchasing Agent in consultation with the department and County Counsel.

4.2 Construction Contracts

- 4.2.1 For construction projects costing \$1,000 or less, price solicitation is at the option of the department. The award is made by the department, using an AP Invoice.
- 4.2.2 For construction project costs defined in Public Contract Code Section 22032 (a) Purchasing or the Department will obtain at least one written estimate and the Purchasing Agent will award the contract based upon the lowest responsible estimate.
- 4.2.3 For construction project costs defined in Public Contract Code Section 22032 (b) an informal bid will be done through Purchasing using Informal Bidding procedures outlined in County Code Chapter 2.37, Sections 2.37.010-2.37.080. The contract will be awarded by the Purchasing Agent, based upon the lowest responsible and responsive bid.
- 4.2.4 For construction project costs defined in Public Contract Code Section 22032 (c) formal sealed bids and advertisements through the Clerk of the Board are required. The Board of Supervisors may award the contract based upon the lowest responsible and responsive bid and the requesting department's recommendation in accordance with the requirements of the Public Contract Code.
- 4.2.5 All modifications to County owned or leased facilities shall be a Board of Supervisors approved Capital Improvement or Maintenance Project or approved in advance by the General-Central Services Director.
- 4.2.6 For construction contracts over \$1,000, prevailing wages must be paid. For federally funded or assisted construction contracts over \$2,000, the Davis-Bacon Act applies.
- 4.2.7 Construction Contract Change Order:
In accordance with Section 20142(a) and (b) of the Public Contract

Code, a Construction Contract Change Order or aggregate of multiple Change Orders for any construction contract shall be:

- a. limited to \$5,000 when the total amount of the original contract does not exceed \$50,000; or maximum allowed under Public Contract Code Section 20142 (a).
- b. limited to 10% of the original contract amount that exceeds \$50,000 but does not exceed \$250,000; or maximum allowed under Public Contract Code Section 20142 (a).

- c. limited to \$25,000 plus 5% of the contract amount over \$250,000; or maximum allowed under Public Contract Code Section 20142 (b).

CONSTRUCTION CONTRACTS			
Dollar amount of Intended Contract	Competitive Selection Process	Method of Award	Change Order Limits
\$1,000 - \$45,000	Information Quote	Award by Purchasing Agent	Limited to \$5,000, or maximum allowed under PCC §20142 (a)
\$45,001 - \$175,000	Informal BID	Award by Purchasing Agent	Limited to \$5,000 for Contracts under \$50,001; 10% for Contracts above \$50,000; or to a maximum allowed under PCC §20142
\$175,001 - \$250,000	Bid Required	Bid and Award by BOS	10% of Contract to a maximum of \$25,000; or maximum allowed under PCC §20142 (a)
\$250,001 and above	Bid Required	Bid and Award by BOS	\$25,000 + 5% of the Contract to a maximum allowed under PCC §20142 (b)

4.2.7.1 In the event it is necessary to exceed the change order limits set by Section 20142(a) and (b) of the Public Contract Code, the department must take an amended change order approval request to the Board of Supervisors prior to proceeding with the work under the change order.

4.2.7.2 If an unanticipated circumstance requires quick action on a change order that exceeds change order limits set by Section 20142(a) and (b) of the Public Contract Code in order to address safety conditions or avoid excessive costs, the department must consult with County Counsel and the Administrative Office prior to proceeding. The department will then take the change order approval request to the Board of Supervisors at the earliest opportunity.

5. EXCEPTIONS TO THE POLICY FOR PROFESSIONAL SERVICES CONTRACTS

5.1 Code Provisions

As provided for in the Government Code and County Code, the following services are exempted from this policy.

- 5.1.1 Printing of legal briefs or notices,
- 5.1.2 Court reporters or transcribers,
- 5.1.3 Election supplies,
- 5.1.4 Expert services for the Offices of County Counsel, District Attorney, or Sheriff,
- 5.1.5 Other services that, by law, another officer or body other than the Purchasing Agent is specifically charged with obtaining.

5.2 Emergency Purchases

When the service to be secured is immediately necessary for the continued operation of the office or department, or immediately necessary for the preservation of life or property, any person authorized to sign requisitions may secure the required service. This action must later be reviewed and approved by the Purchasing Agent or, if not approved by the Purchasing Agent, ratified by the Board of Supervisors by a 4/5 vote. Emergency Construction Services must comply with the Public Contract Code. As provided by County policies the per diem claims for County Boards and Commissions are exempt from this policy.

6. DEFINITIONS

- 6.1 Service Contract: A contract for specialized services for which the County does not directly supervise or control the work of the contractor.
- 6.2 Construction Contract: A contract for construction, repair or improvements performed by a private enterprise and as required by the Public Contract Code.

7. RELATED DOCUMENTS

- 7.1 Government Code Sections 25500-25509 and 31000 and Public Contract Codes Sections 20120-20145, 20390-20398, 22000-22300
- 7.2 County Code Sections 2.11.010-2.11.030 and 2.36.010-2.36.120, 2.37.010-2.37.080
- 7.3 County Administrative Office Board Agenda Preparation Manual
http://myslo.intra/Admin/Agenda_Information.htm
- 7.4 Purchasing web site on the County Intranet:
<http://myslo.intra/gsa/Purchasing.htm>
- 7.5 Auditor-Controller's Office's Contract Accounting Handbook
http://myslo.intra/Auditor-Controller/Contract_Accounting_Handbook.htm
- 7.6 Purchasing Handbook for County Departments and linked documents

8. REVISION HISTORY

VERSION	DATE	CHAPTER/SECTION	DETAILS
1.0	11/1981	All	New Policy
2.0	5/1991	All	Revised

3.0	12/1998	All	Revised
4.0	7/2000	All	Revised
5.0	7/2002	All	Revised
6.0	3/2010	All	Added sections 4.1.8, 6, and 7; modified format extensively.
7.0	12/16/14	All	Section 4.2 modified extensively
<u>8.0</u>	<u>5/24/2016</u>	<u>4.1.7,4.1.8</u>	<u>Add 4.1.8 and cleanup format</u>